

STATE BAR COURT OF CALIFORNIA  
HEARING DEPARTMENT – SAN FRANCISCO

In the Matter of	)	Case Nos.: <b>12-O-18050 - LMA</b>
	)	
<b>MALCOLM B. WITTENBERG,</b>	)	<b>DECISION INCLUDING DISBARMENT</b>
	)	<b>RECOMMENDATION AND</b>
<b>Member No. 73842,</b>	)	<b>INVOLUNTARY INACTIVE</b>
	)	<b>ENROLLMENT ORDER</b>
A Member of the State Bar.	)	
	)	
	)	

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**Introduction**<sup>1</sup>

In this disciplinary matter, respondent Malcolm B. Wittenberg is charged with a single count of unauthorized practice of law in another jurisdiction.

This court finds, by clear and convincing evidence, that respondent is culpable as charged.

Based on the nature and extent of culpability, as well as the applicable aggravating and mitigating circumstances, in conjunction with meeting the goals of attorney discipline, the court recommends, among other things, that respondent be disbarred.

**Significant Procedural History**

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<sup>1</sup> Unless otherwise indicated, all references to rules refer to the State Bar Rules of Professional Conduct. Furthermore, all statutory references are to the Business and Professions Code, unless otherwise indicated.

The State Bar of California, Office of the Chief Trial Counsel (State Bar), initiated this proceeding by filing a notice of disciplinary charges on November 19, 2013 to which a response was filed on December 16, 2013.

Trial was held on April 3 and 4, 2014 and the matter was submitted for decision at its conclusion. Manuel Jimenez represented the State Bar. Doron Weinberg represented respondent.

### **Findings of Fact and Conclusions of Law**

Respondent was admitted to the practice of law in California on April 6, 1977 and has been a member of the State Bar of California at all times since that date.

The following findings of fact are based on the testimony and evidence presented at trial.

#### **Facts**

Respondent was an experienced patent and trademark lawyer.

In 2001, respondent pled guilty and suffered felony convictions in federal court for two insider trades. The fallout from the convictions included disbarment in Virginia, a lengthy suspension from the practice of law in California between November 30, 2001 and October 28, 2005 and exclusion by his own consent from practice before the United States Patent and Trademark Office (USPTO) effective July 1, 2004. The latter two matters are discussed further below.

Although the relevant regulations at the time of his exclusion and thereafter required it and the affidavit he executed in relation to the exclusion from USPTO practice referenced it, respondent did not seek reinstatement to practice before the USPTO between July 1, 2004 and at least March 24, 2014. In fact, pursuant to the regulations in effect at the time of his exclusion, he was ineligible to apply for reinstatement to practice before the USPTO for five years after the effective date of his exclusion, that is, until July 1, 2009. (37 C.F.R. § 10.160(b).) That

provision was retained in later iterations of the regulation. (37 C.F.R. § 11.60(b), effective September 15, 2008.)

Respondent, however, admits that he practiced trademark law before the USPTO between May 23, 2006 and October 11, 2012. He advances his belief that he could do so because he was a member in good standing with the State Bar of California after October 2005. The evidence, as set forth above and in more detail below, does not support such a belief.

### **Conclusions**

***(Rule 1-300(B) [Prohibition on Practicing Law in Violation of Other Jurisdiction's Professional Regulations])***

Rule 1-300(B) provides that an attorney must not practice law in a jurisdiction where to do so would violate the regulations of the profession in that jurisdiction.

There is clear and convincing evidence that respondent practiced law before the USPTO by filing and prosecuting trademark applications in contravention of that agency's regulations.

### **Aggravation<sup>2</sup>**

#### **Prior Record of Discipline (Std. 1.5(a).)**

As previously noted, based on his 2001 felony criminal convictions for insider trading, in S130169 (State Bar Court case no. 01-C-01358), filed June 15, 2005, the California Supreme Court imposed discipline on respondent consisting of five years' stayed suspension and five years' probation on conditions including actual suspension for three years and until he complied with then-standard 1.4(c)(ii)<sup>3</sup>. He was afforded credit toward the period of actual suspension for the time spent on interim suspension which commenced on November 30, 2001. After proceedings in the State Bar Court to establish his rehabilitation, among other things, he was

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<sup>2</sup> All references to standards (std.) are to the Rules of Procedure of the State Bar, title IV, Standards for Attorney Sanctions for Professional Misconduct.

<sup>3</sup> Now standard 1.2(c)(1).

relieved of the actual suspension and became eligible to practice law again effective October 28, 2005. (State Bar Court case no. 05-V-03608, filed October 12, 2005.)

This prior disciplinary record is a serious aggravating factor. Mitigating factors included a lengthy blemish-free record and positive achievements in his practice and community. However, the facts and circumstances surrounding respondent's two insider trades were found to involve moral turpitude. He was an experienced partner in an established law firm who, for his personal profit, intentionally took advantage of information that came to him while representing a long-time client. He was found not to be candid in the State Bar disciplinary proceedings and in the criminal plea agreement in stating that he only traded once on insider information. He also was dishonest with an SEC attorney. His persistent attempts during that disciplinary proceeding to refute the evidence in the record and the limited acknowledgement of his misconduct were serious aggravating factors. The court is concerned that some of these factors are also apparent in the instant case, as is discussed below.

#### **Multiple Acts (Std. 1.5(b).)**

Respondent engaged in the unauthorized practice of law before the USPTO in many matters over nearly six and one-half years between May 23, 2006 and October 11, 2012 after his July 1, 2004 exclusion from the USPTO.

#### **Mitigation**

##### **Good Faith (Std. 1.6(b).)**

Respondent avers that he had a good faith belief that his 2005 reinstatement to practice law in California allowed him to represent clients regarding trademarks before the USPTO without seeking reinstatement from that institution.

In order to establish good faith as a mitigating circumstance, an attorney must prove that his or her beliefs were both honestly held and reasonable. (*In the Matter of Rose* (Review Dept.

1997) 3 Cal. State Bar Ct. Rptr. 646, 653.) In this case, respondent's belief was not reasonable. As is noted in the final decision excluding respondent, on his consent, from practice before the USPTO, he swore in the affidavit he executed during that process, among other things, "that *if he applies for reinstatement*, the OED Director will conclusively presume, for the limited purpose of *determining the application for reinstatement*, that Respondent could not have successfully defended himself against the charges set out in the complaint" as required by 37 C.F.R. § 10.133(b) and (c). (*Moatz v. Wittenberg*, USPTO Proceeding No. 2003-12, Final Decision entered June 16, 2004, p. 2. Emphasis added. See also, *Id.*, Order at p. 5.) Moreover, 37 C.F.R. § 10.133(b), in effect at the time of respondent's exclusion, references applications for reinstatement, as do later regulations. (See, 37 C.F.R. § 11.27(a), (b) and (d), effective September 15, 2008.) There was a reinstatement process in place at the time of respondent's exclusion and also later. (37 C.F.R. 10.160; 37 C.F.R. 11.60, effective September 15, 2008.) Further, regulations were in place at the time of respondent's exclusion prohibiting the unauthorized practice of law by practitioners excluded from USPTO practice. (37 C.F.R. § 10.158(a).) This same prohibition was in place later, with the specific caveat that there was no automatic reinstatement. (37 C.F.R. § 11.58(a), versions effective September 15, 2008 to September 15, 2012; September 16, 2012 to May 2, 2013; and May 3, 2014).) Accordingly, respondent's reinstatement to practice in California in October 2005 was immaterial to his eligibility to practice after his exclusion from the USPTO in 2004. Reinstatement before the USPTO was contemplated in the exclusion affidavit he signed and in the regulations then and later in effect. Respondent's unreasonable belief is not a mitigating circumstance. (*Sternlieb v. State Bar* (1990) 52 Cal.3d 317, 331.)

**Good Character (Std. 1.6(f).)**

The court found credible and gives great consideration to respondent's three character witnesses, all attorneys, who were aware of the charges and believed he possessed good moral character. They also asserted that he was a mentor to other attorneys and was himself a highly skilled and knowledgeable lawyer. The Supreme Court has usually accorded significant weight to the character evidence of judges and attorneys "on the assumption that such persons possess a keen sense of responsibility for the integrity of the legal profession," especially when these character witnesses are aware of prior wrongdoing. (Cf. *Kwasnik v. State Bar* (1990) 50 Cal.3d 1061, 1068.)

### **Discussion**

The purpose of State Bar disciplinary proceedings is not to punish the attorney, but to protect the public, to preserve public confidence in the profession, and to maintain the highest possible professional standards for attorneys. (*Chadwick v. State Bar* (1989) 49 Cal.3d 103, 111; *Cooper v. State Bar* (1987) 43 Cal.3d 1016, 1025; std. 1.1.)

Standard 1.7 provides that the appropriate sanction for the misconduct found must be balanced with any mitigating or aggravating circumstances, with due regard for the purposes of imposing discipline. If two or more acts of professional misconduct are found in a single disciplinary proceeding, the sanction imposed must be the most severe of the applicable sanctions. (Std. 1.7(a).) Discipline is progressive. However, the standards do not require a prior record of discipline as a prerequisite for imposing any appropriate sanction, including disbarment. (Std. 1.8.)

Standard 2.15 suggests reproof or a maximum three-year suspension for violations of sections or rules not specified in the standards, such as rule 1-300(B). Since the nature of the misconduct in this matter is the unauthorized practice of law, the court also looks for guidance to standard 2.6(a). Standard 2.6(a) calls for disbarment or actual suspension for engaging in the

unauthorized practice of law or holding one's self out as entitled to practice despite disciplinary actual suspension or involuntary inactive enrollment pursuant to section 6007, subdivisions (b)-(e). The degree of sanction depends on whether the lawyer knowingly engaged in the unauthorized practice of law.

The Supreme Court gives the standards "great weight" and will reject a recommendation consistent with the standards only where the court entertains "grave doubts" as to its propriety. (*In re Silverton* (2005) 36 Cal.4th 81, 91, 92; *In re Naney* (1990) 51 Cal.3d 186, 190; std. 1.1.) Although the standards are not mandatory, they may be deviated from when there is a compelling, well-defined reason to do so. (*Bates v. State Bar* (1990) 51 Cal.3d 1056, 1061, fn. 2; *Aronin v. State Bar* (1990) 52 Cal.3d 276, 291; std. 1.1.)

Respondent urges a finding of no culpability because he did not know that his practice before the USPTO was not authorized. If the court disagrees with his position, then respondent seeks five years' stayed suspension with a maximum one year's actual suspension. The State Bar recommends disbarment. Under these circumstances, the court agrees.

In this matter, respondent, a very experienced practitioner before the USPTO, continued to represent many trademark clients at that agency for nearly six and one-half years after being excluded from practice there on his consent. He never sought reinstatement to practice before the USPTO although the regulations in effect at the time of his exclusion and thereafter required such a process before resuming practice there and the affidavit he executed regarding his exclusion referenced such a process. As a long time practitioner in that field, he knew or should have known of the regulatory scheme and that he was engaging in the unauthorized practice of law. However, rather than carefully determining what, if anything, he was required to do before resuming practice in any capacity before the USPTO, he instead assumed that his 2005 relief from actual suspension in California allowed him to resume practice before that agency. This

exhibits, at best, a cavalier attitude toward compliance with the regulations that apply to practitioners in the field of law to which he has devoted much of his career.

The court is gravely concerned about protection of the public from future misconduct by respondent because the present disciplinary proceeding exhibits some of the same characteristics of the prior one. In both matters, self-interest was placed before client interest or respect for the law, whether regarding insider trading prohibitions or USPTO processes. What happened to the clients that respondent illegally represented before the USPTO during those six and one-half years and then found they had no lawyer? Now, as then, he does not seem to recognize the error and seriousness of his conduct and still clings doggedly to the belief asserted that he could practice trademark law before the USPTO after being reinstated to practice in California. The facts just don't support such a belief. This gives the court great pause in ascertaining a discipline recommendation because it cannot confidently assert that there won't be a reoccurrence. Respondent does not seem to recognize that he did something wrong, so how can he modify his behavior? He seems unwilling or unable to conform to the ethical responsibilities demanded of California attorneys. (Std. 1.7(b).)

Accordingly, having considered the facts and the law and finding that a greater sanction than is specified in standard 2.15 is needed to fulfill the primary purposes of discipline (std. 1.7(b)), the court recommends respondent's disbarment as the only means to protect the public from further misconduct.

### **Recommendations**

It is recommended that respondent Malcom B. Wittenberg, State Bar Number 73842, be disbarred from the practice of law in California and respondent's name be stricken from the roll of attorneys.

### **California Rules of Court, Rule 9.20**

It is further recommended that respondent be ordered to comply with the requirements of rule 9.20 of the California Rules of Court, and to perform the acts specified in subdivisions (a) and (c) of that rule within 30 and 40 days, respectively, after the effective date of the Supreme Court order in this proceeding.

**Costs**

It is recommended that costs be awarded to the State Bar in accordance with Business and Professions Code section 6086.10, and are enforceable both as provided in Business and Professions Code section 6140.7 and as a money judgment.

**Order of Involuntary Inactive Enrollment**

Respondent is ordered transferred to involuntary inactive status pursuant to Business and Professions Code section 6007, subdivision (c)(4). Respondent's inactive enrollment will be effective three calendar days after this order is served by mail and will terminate upon the effective date of the Supreme Court's order imposing discipline herein, or as provided for by rule 5.111(D)(2) of the State Bar Rules of Procedure, or as otherwise ordered by the Supreme Court pursuant to its plenary jurisdiction.

Dated: June \_\_\_\_\_, 2014

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LUCY ARMENDARIZ  
Judge of the State Bar Court